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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, NOVEMBER 19, 2002

APPLICATION OF

ERNEST COMMUNICATIONS OF
VIRGINIA, INC.

CASE NO. PUC-2002-00078

For a certificate of public
convenience and necessity to
provide local exchange
telecommunications services

FINAL ORDER

On July 19, 2002, Ernest Communications of Virginia, Inc. ("Ernest" or the "Company"), completed an application for a certificate of public convenience and necessity with the State Corporation Commission ("Commission") to provide local exchange telecommunications services throughout the Commonwealth of Virginia.

By Order dated August 2, 2002, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation and file a Staff Report. On September 20 and 23, 2002, the Company filed proof of publication and proof of service as required by the August 2, 2002, Order.

On September 26, 2002, the Staff filed its Report finding that Ernest's application was in compliance with the Rules

Governing the Offering of Competitive Local Exchange Telephone Service ("Local Rules"). Based upon its review of Ernest's application, the Staff determined it would be appropriate to grant the Company a certificate to provide local exchange telecommunications services subject to the following conditions: (1) should Ernest collect customer deposits, it shall, prior to collecting any customer deposits, establish and maintain an escrow account for such funds, held in a Virginia office of a duly chartered state or national bank, savings and loan association, savings bank, or credit union that is unaffiliated with Ernest. The Division of Economics and Finance shall be notified of the escrow arrangement at its inception and any subsequent change to the arrangement. Any escrow arrangement established pursuant to this requirement shall be maintained until such time as the Staff or Commission determines it is no longer necessary; and (2) a \$50,000 continuous bond shall be delivered to the Division of Economics and Finance prior to granting Ernest a certificate of public convenience and necessity in this case. Staff recommended that the bond be accepted as a permanent waiver of § B 5 a and § E 1 d of the Local Rules that require audited financial statements.

On November 7, 2002, Staff filed a supplement to its September 26, 2002, Report wherein it stated that it had received the \$50,000 bond from the Company.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted a certificate to provide local exchange telecommunications services. We further find that the \$50,000 bond delivered to the Commission's Division of Economics and Finance should be accepted as a permanent waiver of § B 5 a and § E 1 d of the Local Rules that require audited financial statements. We will also require Ernest to notify the Division of Economics and Finance of any cancellation or lapse of such bond consistent with our requirement in other proceedings.

Accordingly, IT IS ORDERED THAT:

(1) Ernest Communications of Virginia, Inc., is hereby granted a certificate of public convenience and necessity, No. T-597, to provide local exchange telecommunications services subject to the restrictions set forth in the Rules Governing the Offering of Competitive Local Exchange Telephone Service, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) The Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(3) Should Ernest collect customer deposits, it shall, prior to collecting any customer deposits, establish and maintain an escrow account for such funds, held in a Virginia

office of a duly chartered state or national bank, savings and loan association, savings bank, or credit union that is unaffiliated with the Company and shall notify the Division of Economics and Finance of the escrow arrangement at its inception and any subsequent change to the arrangement. Any escrow arrangement established pursuant to this requirement shall be maintained until such time as the Staff or Commission determines it is no longer necessary.

(4) The \$50,000 bond delivered to the Division of Economics and Finance is hereby accepted as a permanent waiver of § B 5 a and § E 1 d of the Local Rules.

(5) Regarding paragraph 4 of this Order, Ernest shall notify the Division of Economics and Finance thirty (30) days prior to any cancellation or lapse of the bond and shall provide a replacement bond. This requirement shall be maintained until such time as the Staff or the Commission determines it is no longer necessary.

(6) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.